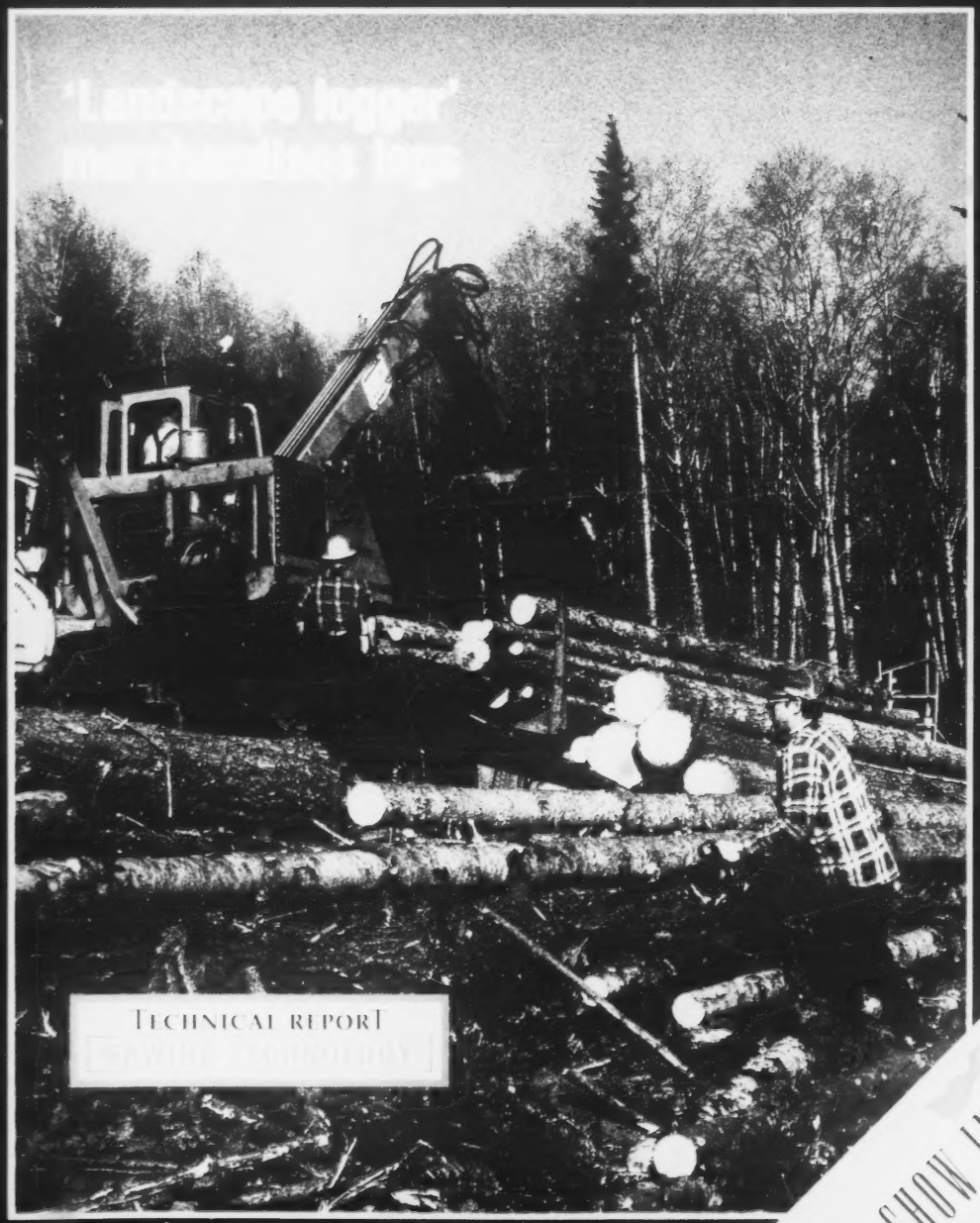
FOREST INDUSTRIES

SEPTEMBER 1991



TECHNICAL REPORT

SHOW IN PRINT

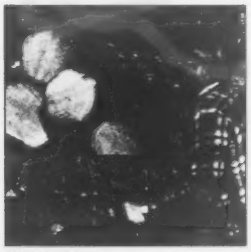
SEPT 1991

FOREST INDUSTRIES

NEWS

5 Bickering over logging continues in courts, Congress From the halls of Washington to the shores of the Pacific, friends and foes of logging bickered throughout the summer over which endangered species most merit saving

FEATURES



Washington *logger understands how to merchandise logs.* *See Page 12.*

TECHNICAL REPORT
SAWING TECHNOLOGY

SHOW IN PRINT

12 Logger's success depends on knowing products, markets Tom Swarts of Northwest Timber Services Inc., Washougal, Wash., attributes his success to understanding how to merchandise logs. For top log value, know what to make and where to sell it

15 Choosing the best primary breakdown saw A sawmill earns its keep by cutting logs into lumber efficiently. The best place to boost efficiency is at the headrig saw

18 Can small mills profit from thin-kerf gangs? Yes, according to a study of top-arbor, narrow-kerf gangs operating at seven North Carolina sawmills. But care must be exercised

22 Fast, efficient hardwood mill pushes 'outer limits' back Tennessee producer may use the thinnest circle saws in North America for hardwood. Switching to cobalt-based alloy raised efficiency, lumber quality for Whitson Lumber

23 Saw Technology Buyers' Guide A special guide to suppliers of products and services for the operation and maintenance of sawing systems

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Trus Joist, MacBlo form partnership

Two leading firms in engineered wood products, TJ International Inc. and MacMillan Bloedel Ltd., intend to form a joint-venture partnership to produce and sell such engineered products as joists, trusses and engineered structural lumber. The new company, Trus Joist Corp., will have headquarters in Boise, Idaho, where 51%-owner TJ International is located. TJI president Tom Denig will be president and CEO of the new firm.

MB, whose home is Vancouver, B.C., will own 49% of Trus Joist Corp. The two parents billed the joint venture as "the world's pre-eminent engineered wood products company."

Bob Findlay, MB's president and CEO, said the new venture will provide MB with an extensive manufacturing and marketing network for its patented engineered wood products. Parallam, an extruded laminated lumber, is already on the market. PSL 300, a new product made from oriented aspen strands, will go on sale after the first plant is finished later this year.

Parallam is manufactured in two plants, one in suburban Vancouver and one in Colbert, Ga. The PSL 300 plant in Deerwood, Minn., will supply window and door stock. MB will design future PSL 300 plants to make structural products.

TJ International is already widely known for its open-web trusses, wooden I-joists and Micro = Lam laminated veneer lumber. Micro = Lam is used as residential headers and beams, scaffold planking and flanges for I-joists.

The new company will have the largest manufacturing capacity in the engineered wood products industry. One of its newest products is the Performance Plus series of joists. Trus Joist says the Performance Plus joists use wood more efficiently than competing I-joists, can span longer distances and carry heavier loads. ■

NW mills close at record rate

This year could record the largest number of lumber and plywood mill closures in 10 years in the Pacific Northwest. By early August, 19 sawmills and seven panel plants had shut down in Oregon, Washington and Idaho, plus five mills in California.

According to consultant Paul F. Ehinger & Associates of Eugene, Ore., this is already more sawmill closures than in any year since 1980. Ehinger counts as closed any mill that shuts down for 60 days or longer.

As bad as the '80s were for the Northwest's timber industry, the '90s look even worse. Last year, 18 sawmills and 22 panel plants closed. Thirteen more mills took long-term shutdowns, but have since restarted.

Since 1980, 144 sawmills with a combined annual capacity of 4.8 billion bd ft have closed permanently in the three states. In addition, 82 panel plants have closed. Overlap in production of veneer and plywood make it impossible to calculate these mills' combined production. The 226 closed mills employed almost 21,000 people.

Oregon has taken the brunt of the closures, with 71 sawmills and 65 panel plants out of business since 1980. Washington recorded 54 sawmill and 15 panel plant shutdowns, while Idaho lost 19 sawmills and two panel plants. Ehinger's decade-long study did not include Northern California. He noted that 24 sawmills and one panel plant have closed in this region since 1987.

The outlook is far from encouraging, since federal timber supplies have nearly vanished. In coastal Oregon, Washington and California, mills have 3.53 billion bd ft of federal timber under contract, about one-third of the volume under contract in 1986. For 1992, the under-contract supply shrinks to only 910 million bd ft. ■

1991 first-half sales, earnings for U.S., Canadian companies ($ millions)

U.S. companies

Company	Sales	% change 1990/91	Earnings	% change 1990/91
Boise Cascade	1970.6	-6.9	5.1	-96.4
Champion Intl.	2343.0	-7.9	19.3	-85.5
Georgia-Pacific	5759.0	-6.8	405.0	-44.1
Intl. Paper	6200.0	-3.1	236.0	-35.3
IP Timberlands	112.0	15.5	67.0	24.1
Louisiana-Pacific	847.4	-13.2	20.6	-72.1
Pope & Talbot	262.8	-10.2	3.9	-80.1
Potlatch	610.2	-6.0	21.4	-69.2
Temple-Inland	1225.2	3.9	82.7	-35.3
Weyerhaeuser	4400.0	-6.4	122.0	-50.0
Willamette Inds	956.0	-0.6	17.0	-80.2
WTD Industries'	243.9	-47.0	-85.2	N.M.

Canadian companies (C$)

Canfor Corp.	427.6	-10.2	-26.4	N.M.
Crestbrook	79.9	-32.6	-5.8	N.M.
Domtar	918.0	-24.7	-65.0	N.M.
Doman Inds	265.3	-14.4	-20.5	N.M.
Fletcher Challenge	536.0	-7.7	-27.2	N.M.
International FP	120.8	-28.4	-9.5	N.M.
MacMillan Bloedel	1405.5	-11.5	-7.5	N.M.
Malette	83.1	-28.0	-3.2	N.M.
Noranda Forest	2100.0	-12.5	-80.0	N.M.
Weldwood	352.7	0.7	-7.4	N.M.
West Fraser	252.8	-12.8	-8.2	N.M.

'Fiscal year ending April 30, 1991.
N.M. = Not meaningful.

***Oceans of red ink** poured from the books of many major forest products companies in both the United States and Canada for the first half of 1991. Despite earnings boosts from the short-lived spring rally in lumber and panel prices, generally low prices for solid-wood products, pulp and paper slashed earnings for U.S. companies by double-digit numbers. Canadians fared much worse, recording large losses. One survey of 16 major firms found a combined loss of C$223 million in the second quarter alone.*

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